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ONTARIO CREAMERY ASSOCIATION

[Collection of misc. docs. No. 24]

TO THE ROYAL COMMISSION ON TRANSPORTATION FOR ONTARIO.

GENTLEMEN:

This submission is made on behalf of the ONTARIO CREAMERY ASSOCIATION (Butter Manufacturers) representing more than 70% of the Creameries of the Province of Ontario, and producing more than 80% of the creamery butter of the Province.

In our operations we use trucks, largely owned by our own creamery operators, though some of our members use the services of trucks hauling by contract, either on a commission basis or on a basis of compensation varying according to volume and distance.

In the earlier history of Creamery operation in this province it was the practice of the cream producer - the farmer - to deliver his cream, in the form of whole milk, either by horse drawn vehicle or truck or motor car. Later, when skimming or separating on the farm became a practice and when the necessity of rapid transit became a problem, it became difficult and in many cases impossible to continue this practice on an economical basis and it became necessary for the creameries to devise a system of collection both for the purpose of overcoming the difficulties mentioned and in order to insure continuity of

of supply and the minimum of deterioration in transit.

Experience indicates that, in the main, these collections are made at no greater cost to the producer and in most cases at a lesser cost than that at which the producer himself could effect delivery.

There are approximately 1,000 trucks engaged in making these collections and it is our submission and we think it an obvious fact that the system is less wearing on the highways than would be the case if the 92,000 or more cream producers made individual deliveries.

Inasmuch as butter prices in Ontario are fairly definitely determined by the price of butter on the London market, the price to the Ontario consumer is definitely fixed, and inasmuch as creameries are numerous and competition for cream quite keen, the margin as between what the producer receives for his cream and what the manufacturer receives for his butter is quite narrow.

Trucks owned by creamery operators and used for the purpose of cream collecting are in the main confined to these operations and do not compete with other forms of transport.

of supply are the minimum of deterioration in cream.

Experience indicates that, in the main, these conditions are made at the greatest cost to the producer and in most cases at a loss to the creamery and in such cases at a loss that it will the producer himself could effect destroy.

There are approximately 1,000 towns and in existence these conditions and it is not ex- tension and be quite it as obvious that the system is less existing on the delivery time would in the case if the 90,000 or more cream producers only individual deliveries.

Increased or better prices in Ontario are mainly certainly contingent on the price of butter on the London market. The price to the butter-maker is determined by that, and from such as transportation and manufacturing cost cream quite fact. The margin as between what the producer receives for his cream and what the manufacturer receives for his butter is quite narrow.

Trouble caused by creamery operators and used for the purpose of cream collecting are in the main confined to these operations and do not concern with other forms of transport.

Our method of collection brings cream from the farm to the factory by the most direct route. Rail transportation involves haulage from the farm to the rail shipping point and from the rail destination to the creamery. Furthermore, rail services in rural Ontario have been so curtailed as to make them of restricted use to the shipper of a perishable commodity such as ours and a commodity which must be processed daily and at fixed hours of the day.

In view of the foregoing, we respectfully urge the Commission to do nothing that will increase our marketing costs. Any increase in taxes cannot be absorbed by those who constitute this industry and must, of necessity, be passed along to the primary producer, the farmer. Considering the use of trucks that belong to members of this Association and those serving such members of ours who are required to purchase their transportation, it is our opinion that they are sufficiently taxed. Indeed, we look upon the 25% reduction in commercial license fees for the ensuing year as being quite justified. Cheaper transportation is needed by agriculture.

We would appreciate the privilege of having several of our members speak to this presentation.

Respectfully submitted,

Secretary-Manager,
ONTARIO CREAMERY ASSOCIATION.

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Meaford, April 19, 1938.

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SUPPLEMENTARY BRIEF PRESENTED BY THE ONTARIO CREAMERY ASSOCIATION TO THE ROYAL COMMISSION ON TRANSPORTATION

Gentlemen:

This submission is made to supplement the general submission made on behalf of the Ontario Creamery Association under date of January 7th, in lieu of personal attendance of witnesses before your Commission.

In our former submission we respectfully urged that nothing be done to increase the marketing costs of cream in the province of Ontario.

May we now summarize our views upon the matters before your Board with respect to their influence upon the dairy industry?

We SUBMIT that a reduction, rather than increase in license fees is justifiable with respect to cream-hauling trucks operated by our members, for the following reasons:

1. Cream-hauling trucks are an essential part of our agricultural economy, and are giving an economical service to the farmer which he cannot provide for himself.

2. Creamery trucks are already heavy contributors to the support of highways, through the gasoline tax and license fees.

3. These trucks operate very largely on gravel and dirt roads which are not beneficiaries of the gasoline or other taxes to any material extent.

4. They are operated on regular schedules in a responsible financial manner by substantial buyers of farm products.

5. Creameries are essentially sales agencies for farmers' cream, and the expense of operation of cream-hauling trucks is a direct charge against the cream, and must be paid by the producer.

6. Mileage travelled per day is comparatively small, and as there are many stops to pick up small quantities of cream, they use an abnormal quantity of gasoline per mile, thus paying a relatively higher gasoline tax. Being used on poorer roads than most trucks except farm trucks, their gasoline tax is heavier than if they operated on surfaced roads.

7. Owing to road and weather conditions creamery trucks can only operate 8 to 10 months of the year in many sections. They could operate 12 months in the same sections if confined to the surfaced and ploughed highways. To be taxed additionally for these advantages would be unfair.

8. Creamery trucks are not large units, and do not constitute a traffic problem, even when operating on provincial highways.

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A.J.C.

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9. To increase licenses (and thus cream-hauling costs) would in no way affect or benefit the railways, save in very rare instances. Our service is not parallel to or competitive with the railways. It is distinctly a local service.

May we elaborate on some of the points involved in the above summary?

We have already explained in our former presentation the general system of operation under which cream-hauling trucks serve the dairy farmers to their advantage.

Re. Nos. 1 & 9 above: One of our operators in a typical dairy farming section, finds that a cream truck can call at 60 farms in half a day at a cost of 1¢ to 2¢ per lb. of butterfat, and at the same time can serve the farmer with his butter and cheese requirements, where if 60 farmers were to drive an average of 5 miles to the station, the total distance travelled would be 600 miles, at a cost of 4¢ per mile, totalling $24, or a cost of 3¢ to 4¢ per pound of fat, apart entirely from the time consumed: and they would be without the service of the butter and cheese delivery at a minimum cost. It has been shown by official figures that the average production per farm in Canada in 1936 was $935.We find that in Ontario, according to official estimates, the average return for churning cream was $231 in 1936, and $279 in 1937.

Cream is obviously an important item in farm income, and it should not be burdened by additional taxation.

Re. No. 2 above: Another operator with three trucks gathering cream, with a total mileage of 36,000, gives his tax and license costs as follows:

3 cream trucks, gasoline tax.....	$ 120.00
Licenses 2 @ $24 and 1 @ $48.....	96.00
Total taxation.....	$ 216.00

He estimates that this amount is paid for each 10,800 miles travelled on provincially-built or assisted roads.

Re. No. 3 above: It must not be overlooked that the operation of these trucks is only an incidental item in the business of processing and marketing the dairy farmer's product. A considerable investment in plant and equipment is involved, and on this investment substantial municipal taxes must also be paid by the cream itself. This includes the direct requirements of municipalities for local road construction.

This point does not apply to the operators of commercial trucking units, save in a very minor degree. With them, the operation of trucks is a business in itself: with us it is an incidental item in operations which should not be unduly burdened, if dairy farmers are to prosper.

A. S. Thurston

Secretary-Manager.